

**STATEMENT OF
CHAIRMAN THOMAS E. PETRI
HIGHWAY, TRANSIT AND PIPELINES SUBCOMMITTEE
HEARING ON**

**Reliability of Highway Trust Fund Revenue Estimates
April 4, 2006**

I want to welcome all of our Members and our witnesses to today's hearing on the "Reliability of Highway Trust Fund Revenue Estimates".

This hearing is a follow-up to a hearing that this Subcommittee held in February on the status of the Highway Trust Fund and the President's Fiscal Year 2007 Budget. During that hearing the Department of Transportation's Assistant Secretary for Budget and Policy -- Phyllis Scheinberg -- testified on how the President's Budget request would affect the implementation of SAFETEA LU.

Unfortunately, scheduling conflicts prevented a Treasury witness from testifying at that hearing. As a result, we scheduled today's hearing and have invited Treasury and CBO to discuss their Highway Trust Fund revenue estimates. We have also invited GAO to provide an analysis of the two sets of revenue estimates.

The President's FY 2007 Budget --using Treasury's revenue estimates -- shows a negative balance of \$2.3 billion in the Highway Account of the Highway Trust fund at the end of 2009. The Congressional Budget Office's current revenue estimates for the Highway Account do not show a negative balance until 2010.

When Congress passed SAFETEA LU last summer it was done with the expectation that the guaranteed funding levels prescribed in the bill would be fulfilled for fiscal year 2005 through fiscal year 2009.

One of the purposes of this hearing is to determine whether or not the differences between Treasury and CBO's estimates are unusual. The hearing will also explore the accuracy of revenue estimates four and five years in the future. The reliability of future revenue estimates is an important issue for this Committee as projected negative balances in the Highway Trust Fund may impact guaranteed funding levels authorized in SAFETEA LU.

Robert Carroll, the Deputy Assistant Secretary for Tax Analysis with the Treasury Department, is with us today. Mr. Carroll will describe the methodology that underlies Treasury's revenue forecast as well as recent trends in highway-related excise taxes.

Donald Marron, the Acting Director of the Congressional Budget Office, will provide a description of the economic model that CBO uses to project revenue deposited

into the Highway Trust Fund. Mr Marron will also address why CBO is projecting higher levels of revenue for the Highway Trust Fund than the Treasury Department.

Katherine Siggerud, the Director of Physical Infrastructure Issues for the U.S. Government Accountability Office, will provide a basic overview of the Highway Trust Fund. Ms. Siggerud will also compare and contrast the models that Treasury and CBO use for estimating Highway Trust Fund revenues and compare Treasury and CBO's "estimated" receipts to "actual" receipts for recent years.

We look forward to hearing testimony from our witnesses on these issues.